

Agenda Page 199, Item 6110-196-0001 Re-Direct Child Care Growth Funding to Increase the Standard Reimbursement Rate

June 1, 2006
Page 1



Standard Reimbursement Rate (SRR) is Lower than the Regional Market Rate (RMR) in Many Counties

- Title 5 providers including State Preschool contract directly with the CDE, and are reimbursed with a SRR (currently \$658 per month for full-day care).
- The SRR is lower than market rates (as determined through the Regional Market Rate survey) for child care in many areas including all of the 15 largest counties. This gap ranges from \$2 to \$344 per month (0.3 percent to 52 percent higher).



Assembly Re-Directed Growth Funds for Title 5 Centers to Increase the SRR (Senate—No Action)

- Provided approximately \$12.3 million rate augmentation to the SRR in budget year growth funds for this purpose.



LAO Alternative: Re-Direct Unallocated 2005-06 and 2006-07 Growth Funds and Target at Counties with Largest Reimbursement Gaps

- The CDE was unable to allocate \$14.3 million in growth funding in the current year. Use these funds to further increase SRR rates.
- Distribute these additional funds on a sliding-scale basis, whereby Title 5 providers receive a rate increase according to fixed proportion of the difference between the SRR and the market rate ceilings in their area.